



Key developments during the week

- India Dec industrial production at -1.3% vs -3.2% in Nov
- India Jan CPI combined inflation rate at 5.69% vs 5.61% in Dec
- India Jan passenger car sales 168,303 units, down 1% YoY
- Minister Naidu says see GST being passed in next Parliament session
- Economy secretary says 7.6% GDP growth in FY16 robust in current scenario
- Economy secretary says Indian shares, rupee better placed than global peers
- Economy secretary says revised small savings rates to be effective Apr 1
- UAE may invest \$1.75 bln in India PSU oil companies' three downstream projects
- WGC says world gold demand down 0.3% in 2015, jewellery buys down 3%
- China pips India again as top gold consumer 2015 on robust demand
- Apr-Dec major subsidy down 1.7% YoY at 2.09 trln rupees
- Revenue secretary says optimistic of nearing FY16 tax collection target
- Trade secretary says need to work on pacts to boost services sector
- India Oct-Dec GDP growth at 7.3% vs 7.4% QoQ
- India pegs FY16 GDP growth at 7.6% vs 7.2% YoY
- India pharma market sales rise 9.1% YoY to 80.14 bln rupees in Jan
- World Bank economist sees India's potential growth rate at 7-8%

| INDEX | 12-Feb-16 | 05-Feb-16 | Change (in %) |
|--------------|-----------|-----------|---------------|
| NIFTY | 6980.95 | 7489.10 | -6.79 |
| SENSEX | 22986.12 | 24616.97 | -6.62 |
| NSE 500 | 5833.40 | 6270.50 | -6.97 |
| NSE MIDCAP | 2723.45 | 3023.25 | -9.92 |
| NIFTY JUNIOR | 17031.95 | 18269.55 | -6.77 |
| BSE SMALLCAP | 9682.55 | 10569.53 | -8.39 |
| BSE 200 | 2945.85 | 3161.89 | -6.83 |

| INDEX | 12-Feb-16 | 05-Feb-16 | Change (in %) |
|-------------------|-----------|-----------|---------------|
| BSE AUTO | 15861.73 | 16827.97 | -5.74 |
| BSE BANK | 15854.54 | 17173.34 | -7.68 |
| BSE CAPITAL GOODS | 11251.20 | 12337.13 | -8.80 |
| BSE CD | 11753.74 | 12242.97 | -4.00 |
| BSE FMCG | 7091.55 | 7544.21 | -6.00 |
| BSE HEALTHCARE | 15110.65 | 16039.89 | -5.79 |
| BSE IT | 10295.05 | 11196.25 | -8.05 |
| BSE METALS | 6332.43 | 6898.53 | -8.21 |
| BSE OIL AND GAS | 8178.68 | 8898.09 | -8.08 |
| BSE PSU | 5521.76 | 6044.18 | -8.64 |
| BSE REALTY | 1035.31 | 1167.90 | -11.35 |
| BSE TECK | 5570.64 | 5953.37 | -6.43 |

| INDEX | 12-Feb-16 | 05-Feb-16 | Change (in %) |
|-----------|-----------|-----------|---------------|
| DOW JONES | 15973.84 | 16204.97 | -1.43 |
| HANG SENG | 18319.58 | 19288.17 | -5.02 |
| NIKKEI | 14952.61 | 16819.59 | -11.10 |
| FTSE | 5707.60 | 5848.06 | -2.40 |

Domestic events week ahead

- Feb 15:** WPI inflation for January, by commerce and industry ministry
- Feb 15-16:** Trade data for January, by commerce and industry ministry
- Feb 15-19:** GSM mobile subscriber data for January, by COAI
- Feb 15-19:** Foreign tourist arrivals in January, by tourism ministry
- Feb 18-23:** Crude, refinery output for January, from petroleum ministry
- Feb 19:** CPI for rural and farm labourers for January, by Labour Bureau

Source: Cogencies

Global events week ahead

- Feb 15:** Japan GDP, Japan IIP, China Trade Balance, Europe Trade Balance, ECB President Draghi Speaks
- Feb 16:** UK CPI, UK PPI, Europe ZEW Economic Sentiment, US Empire State Manufacturing Index, US Mortgage Delinquencies, US NAHB Housing Market Index
- Feb 17:** UK Claimant Count Change, UK Unemployment Rate, US Building Permits, US PPI and Core PPI, US Housing Starts, US Industrial Production, US FOMC Meeting Minutes
- Feb 18:** Japan Trade Balance, China CPI and PPI, ECB Monetary Policy Meeting, US Philly Fed Manufacturing Index, US Unemployment Claims, US Crude Oil Inventories
- Feb 19:** UK Retail Sales m/m, US CPI m/m, US Core CPI m/m, Europe Consumer Confidence



Weekly Sector Outlook and Stock Picks

Auto sector – To take cues from broad market this week; bias weak

Shares of major auto companies are seen trading with a negative bias this week, taking cues from the broader market which has descended into gloom. Witnessing their biggest intraday fall since Aug 24 last year, the NSE's Nifty 50 and BSE Sensex breached the psychologically-crucial levels of 7000 points and 23000 points, respectively, before closing at their lowest levels in 21 months. The Nifty 50 sank 239.35 points or 3.3% to end at 6976.35 points, and the Sensex tumbled over 800 points or 3.4% to end at 22951.83 points, on Thursday. The CNX Auto Index taking further beating after closing down nearly 7% on week. The index closed at 6980.95 against 7489.10 last week. Shares of major automobile companies closed at a discount of anywhere between 2% and 31% on week. Among the major laggard was Maruti Suzuki, which plunged 31% on week to close at 3549.65 rupees. Tata Motor remains under pressure on account of poor performance in the domestic passenger vehicle market. The company's Jaguar Land Rover subsidiary's operational performance is also under the scanner. During Oct-Dec, Tata's Motors' UK-based subsidiary reported a net profit of 440 mln pound sterling, 26% lower than last year, largely due to lower sales in China.

Bank Sector – Seen weak this week as Oct-Dec results weigh

Bank stocks are likely to remain under pressure this week, weighed down by the weak Oct-Dec earnings on account of the sharp rise in non-performing asset ratios for nearly all banks private and state-owned. The wind has been taken out of the sails of the banking system and bank stocks. While the RBI push to clean up bank balance sheets is positive in the long-term, it is disastrous for bank stocks in the near-term. Bank Nifty gave up over 1200 points on week tracking the weak earnings announcements, including large losses for many banks and muted profits for others. Bank of Baroda and UCO Bank will take cues this week based on their Oct-Dec earnings showing. Dhanlaxmi Bank and Corporation Bank, which reported huge losses for Oct-Dec, will be under pressure this week.

Capital Goods Sector – Weak Dec industry output data to weigh

Shares of capital goods are seen weak amid concern over industrial growth after the Central Statistics Office said the country's industrial production contracted for the second straight month in December. The data showed that factory output in December contracted 1.3% compared with 3.4% a month ago. Capital goods output, an indicator of investment demand, contracted 19.7% on year in December compared with 24.5% contraction a month ago. Shares of capital goods makers are expected to be under pressure in line with the sentiment in the broad market, which is fretting over rising bad loans in the banking sector. Rising bad loan impinge on banks' ability to lend and limit the ability to cut interest rates, which is seen fostering demand. The power equipment major BHEL reported a loss for the second straight quarter and further raised red flags on orders worth 3.26 bln rupees terming them slow moving.

Cement Sector – Down on low demand, weak Oct-Dec earnings

Shares of cement companies are seen trading down this week due to low demand for building material across large parts of the country and weak earnings reported by major producers. Last week, ACC and Ambuja Cements reported weaker than expected Oct-Dec earnings. Both the companies missed estimates on both topline and bottomline fronts, and even their margins were weaker than expected due to price cuts they took to maintain the market share. Many cement dealers are of the view that such a worrying trend has not been seen in last 10 years. Most dealers believe companies are not willing to compromise on market share, which coupled with year-end cement sales volume push by Ambuja, ACC and Lafarge has led to a pressure on cement prices.

FMCG Sector – Defensive bets may bring shares into focus

Shares of fast-moving consumer goods companies are seen trading in a range this week as investors may opt for defensive bets given the weak broader trend. From here on, with volatility inching higher and majorly all sectoral pivots in their corrective phase, it's better for traders to park portion of capital in quality stocks from defensive sector like FMCG. Hindustan Unilever is expected to remain largely flat this week.

IT Sector – Seen in range this week

Shares of information technology companies are seen in range, as market participants await further clarification on growth concerns for the sector. US-based Cognizant Technology Solution had said that it expects Jan-Mar revenues to



be flat or see negligible growth, due to unpredictable spending in healthcare and financial services verticals. Following this, market participants raised concerns for Indian information technology companies, which have high exposure to banking and healthcare verticals. However, allaying doubts over weak revenue visibility forecast from banking, financial services and insurance segment business in key markets, CEO N. Chandrasekaran of Tata Consultancy Services said the segment is expected to augur well for the company in 2016-17. Following suit, Infosys COO Pravin Rao and Tech Mahindra CEO C.P. Gurnani said they do not foresee any headwinds in the banking and healthcare sector, and see good demand for their services. The Indian currency, which ended at 68.23 against the dollar, is expected to depreciate this week. This may improve the sentiment on the sector of which majority are exporters of IT services to the US.

Oil Sector – PSU retailers seen upbeat on Oct-Dec performance

Shares of the state owned oil marketing companies IOC, BPCL and HPCL are expected to gain this week backed by good Oct-Dec earnings performance, though a weak broad market may cap the upside. Shares of upstream companies ONGC and Oil India may continue to perform poorly tracking crude oil prices and weak market sentiments. All three oil marketing companies reported Oct-Dec earnings. BPCL's net profit for Oct-Dec almost tripled to 14.9 bln rupees from 5.5 bln rupees a year ago with gross refining margin growing five-fold to \$7.67 a barrel. IOC reported net profit of 30.6 bln rupees in Oct-Dec, compared with net loss of 26.4 bln rupees in the same quarter last year. Its GRMs increased to \$5.96 per barrel, from (-)\$7.73 a year ago, despite inventory loss of over \$5 a barrel. HPCL swung into the black with a bottomline of 10.4 bln rupees in Oct-Dec, compared with a loss of 3.2 bln rupees a year ago aided by GRM of \$7.86 per barrel, compared with (-)\$0.97/barrel a year ago. Crude prices meanwhile continue to weaken. The Indian basket of crude plunged below \$27 a barrel, in line with global prices which slipped due to mounting concerns of oversupply. However, Brent prices jumped nearly 5% on Friday on hopes of a coordinated production cut following comments made by OPEC member Suhail Mohammed Al Mazrouei, the energy minister of United Arab Emirates, a member of the Organization of the Petroleum Exporting Countries.

Pharma sector – Seen weak; Wockhardt's slump to continue

Weak earnings, regulatory woes and turmoil in the broad equity markets are likely to weigh on pharmaceutical stocks this week, with Wockhardt seen continuing its slump. The Mumbai-based pharmaceutical company's shares tanked 27% through on week, hitting a 52-week low of 705.75 rupees due to concern over regulatory issues pertaining to its Shendra unit in Maharashtra, as well as an 82% fall in consolidated net profit for the Dec quarter. Cipla, Dr Reddy's Laboratories and Aurobindo Pharma also reported disappointing earnings, while GlaxoSmithKline Pharmaceuticals reported weak operating margins. Aurobindo Pharma, which declined over 13% on week. Dr Reddy's Laboratories, which fell over 8% on week. Sun Pharmaceutical Industries is likely to record a rebound, after reporting strong earnings. At 14.17 bln rupees, its consolidated net profit was above estimate of 11.71 bln rupees, aided by its subsidiary Taro Pharmaceutical Industries reporting a strong operating margin. Investors will also focus on the management's commentary on regulatory issues relating to its Halol plant. The company said it plans to invite officials from the US Food and Drug Administration to re-inspect the plant. Earlier, US FDA officials had issued a warning letter to the company for its Halol unit, after inspecting the plant in September 2014.

Metal Sector – Seen down tracking broad market this week

With overall market sentiment seen weak, shares of major metals and mining companies are likely to trade with a negative bias this week despite the government announcing minimum import price on 173 steel products. The share market was hit hard during the week as indices touched over 21-month lows. On a weekly basis, Sensex and Nifty ended down 7% each. Further, the impact of the floor price on steel products is expected to be gradual as the companies are likely to increase their prices over the next three months. Domestic steel producers won't be increasing the prices immediately and the overall revival is still not seen for the sector. The imported steel inventory is already in the market as the minimum import price is not applicable on letter of credits already issued and therefore the market will be supplied with imports till April. The domestic steel demand needs to grow and it is one of the factors that can cause revival in the sector.

Telecom Sector – Bharti Airtel, Idea seen trading positive

After weeks of decline, stocks of major telecom companies are seen trading positive this week mainly on value buying. Stocks of Bharti Airtel, Reliance Communications and Idea Cellular bounced back during the week and are expected to be in the green this week as these shares have bottomed out and an uptick is on the cards.



Market range for the week 6750-7150

| Nifty | Values |
|--------------|--------|
| Support 1 | 6950 |
| Support 2 | 6860 |
| Support 3 | 6780 |
| Resistance 1 | 7050 |
| Resistance 2 | 7120 |
| Resistance 3 | 7150 |

Resistance – Nifty may face resistance at 7050 level above this level it may go up to 7120-7150 level.

Support - Nifty has support at 6950 level below this next support at 6860-6780 levels.

Technical – During the week, CNX Nifty opened at 7489.70 and touched the highest level of 7512.55 and lowest level of 6908.20. The CNX Nifty ended at 6980.95; drag 508.15 points or -6.79%. The S&P BSE Sensex opened at 24637.41 and touched the highest level of 24698.95 and lowest level of 22600.3. The S&P BSE Sensex closed at 22986.12; drag 1630.85 points or -6.62%.

For the coming week, we expect the market range of 6750-7150

Weekly Chart View –

We had mentioned in last week’s report that on the daily chart we have seen oversold and on weekly chart “Hammer” candle, because of that we had mentioned 7520-7530 will be major resistance and all we have seen Nifty fail to cross that level and as mentioned below 7320 we have seen major sell-off. Now on daily chart Nifty below channel and on weekly chart we can see “Bearish candle” but near to 200WMA (6874-6870). So overall from here now 6874-6870 will be major support below that we will see continue selling pressure, because of oversold unless we did not trade or close below above mention level we can see some consolidation and upside 7150-7180 will be major resistance.

Weekly Chart





Weekly Sectoral Technical Outlook

| | |
|-----------------------|------------------|
| NSE Auto Index | CMP: 7074 |
|-----------------------|------------------|



NSE Auto

At present we are witnessing a strong bear candle which has tested the lower trendline of the channel. We maintain our stance that the trend is down, hence one should avoid this sector at present.

| | |
|-------------------|-------------------|
| NSE Bankex | CMP: 13971 |
|-------------------|-------------------|



NSE Bankex

The current price action has closed well below the median line of the first channel. This suggests weakness going ahead. Hence one should avoid this sector.



NSE Metal Index

CMP: 1495



NSE Metal Index

We maintain our bearish stance on the sector. At present, we are observing a strong bear candle which suggests weakness. Hence, one should avoid this sector at present.

NSE IT

CMP: 10324



NSE IT

At present we are observing a strong bear candle which suggests weakness. We are of the opinion that prices are likely to test lower trendline of the channel shown above. Hence one should avoid this counter at present.



Weekly Technicals of Key Companies –

| Company | Closing 12-Feb-16 | Buy/Sell Trigger | Resistance 1 | Resistance 2 | Support 1 | Support 2 |
|------------|----------------------|---------------------|-----------------|-----------------|--------------|--------------|
| ACC | 1221.05 | 1243.30 | 1287.50 | 1353.95 | 1176.85 | 1132.65 |
| ADANIPORTS | 178.05 | 188.03 | 206.92 | 235.78 | 159.17 | 140.28 |
| AMBUJACEM | 194.65 | 194.58 | 201.07 | 207.48 | 188.17 | 181.68 |
| ASIANPAINT | 854.90 | 869.63 | 892.77 | 930.63 | 831.77 | 808.63 |
| AXISBANK | 391.10 | 394.12 | 414.93 | 438.77 | 370.28 | 349.47 |
| BAJAJ-AUTO | 2304.40 | 2315.13 | 2379.27 | 2454.13 | 2240.27 | 2176.13 |
| BANKBARODA | 113.70 | 119.25 | 129.15 | 144.60 | 103.80 | 93.90 |
| BHARTIARTL | 324.55 | 319.67 | 334.88 | 345.22 | 309.33 | 294.12 |
| BHEL | 104.45 | 114.87 | 127.48 | 150.52 | 91.83 | 79.22 |
| BOSCHLTD | 15948.30 | 16086.45 | 16436.85 | 16925.40 | 15597.90 | 15247.50 |
| BPCL | 772.80 | 796.07 | 829.83 | 886.87 | 739.03 | 705.27 |
| CAIRN | 118.95 | 119.52 | 127.88 | 136.82 | 110.58 | 102.22 |
| CIPLA | 528.60 | 540.55 | 563.80 | 599.00 | 505.35 | 482.10 |
| COALINDIA | 302.85 | 309.45 | 323.15 | 343.45 | 289.15 | 275.45 |
| DRREDDY | 2847.45 | 2932.15 | 3039.30 | 3231.15 | 2740.30 | 2633.15 |
| GAIL | 324.95 | 331.83 | 348.82 | 372.68 | 307.97 | 290.98 |
| GRASIM | 3383.90 | 3408.70 | 3492.35 | 3600.80 | 3300.25 | 3216.60 |
| HCLTECH | 798.25 | 817.38 | 849.82 | 901.38 | 765.82 | 733.38 |
| HDFC | 1083.75 | 1109.27 | 1160.48 | 1237.22 | 1032.53 | 981.32 |
| HDFCBANK | 971.40 | 998.47 | 1030.93 | 1090.47 | 938.93 | 906.47 |
| HEROMOTOCO | 2489.25 | 2512.78 | 2572.47 | 2655.68 | 2429.57 | 2369.88 |
| HINDALCO | 60.90 | 63.90 | 69.00 | 77.10 | 55.80 | 50.70 |
| HINDUNILVR | 812.60 | 817.33 | 843.47 | 874.33 | 786.47 | 760.33 |
| ICICIBANK | 193.55 | 199.85 | 209.20 | 224.85 | 184.20 | 174.85 |
| IDEA | 109.65 | 106.03 | 114.87 | 120.08 | 100.82 | 91.98 |
| INDUSINDBK | 811.95 | 840.53 | 882.07 | 952.18 | 770.42 | 728.88 |
| INFY | 1084.65 | 1107.95 | 1148.90 | 1213.15 | 1043.70 | 1002.75 |
| ITC | 300.10 | 307.48 | 317.52 | 334.93 | 290.07 | 280.03 |
| KOTAKBANK | 622.00 | 643.48 | 673.27 | 724.53 | 592.22 | 562.43 |
| LT | 1053.65 | 1075.85 | 1135.65 | 1217.65 | 993.85 | 934.05 |
| LUPIN | 1756.30 | 1797.78 | 1870.42 | 1984.53 | 1683.67 | 1611.03 |
| M&M | 1165.25 | 1164.73 | 1238.22 | 1311.18 | 1091.77 | 1018.28 |
| MARUTI | 3549.65 | 3599.88 | 3738.77 | 3927.88 | 3410.77 | 3271.88 |
| NTPC | 123.95 | 123.53 | 126.92 | 129.88 | 120.57 | 117.18 |
| ONGC | 193.25 | 200.40 | 213.05 | 232.85 | 180.60 | 167.95 |
| PNB | 73.65 | 81.32 | 90.13 | 106.62 | 64.83 | 56.02 |
| POWERGRID | 138.35 | 139.50 | 144.90 | 151.45 | 132.95 | 127.55 |
| RELIANCE | 906.55 | 926.48 | 964.87 | 1023.18 | 868.17 | 829.78 |
| SBIN | 154.80 | 159.98 | 171.72 | 188.63 | 143.07 | 131.33 |
| SUNPHARMA | 847.35 | 844.83 | 887.22 | 927.08 | 804.97 | 762.58 |
| TATAMOTORS | 298.35 | 299.70 | 333.60 | 368.85 | 264.45 | 230.55 |
| TATAPOWER | 56.70 | 57.50 | 60.00 | 63.30 | 54.20 | 51.70 |
| TATASTEEL | 217.50 | 224.20 | 237.25 | 257.00 | 204.45 | 191.40 |
| TCS | 2226.60 | 2267.55 | 2371.10 | 2515.60 | 2123.05 | 2019.50 |
| TECHM | 430.00 | 445.75 | 466.25 | 502.50 | 409.50 | 389.00 |
| ULTRACEMCO | 2767.75 | 2774.45 | 2868.90 | 2970.05 | 2673.30 | 2578.85 |
| VEDL | 63.25 | 65.67 | 73.18 | 83.12 | 55.73 | 48.22 |
| WIPRO | 517.30 | 528.58 | 548.92 | 580.53 | 496.97 | 476.63 |
| YESBANK | 728.45 | 736.72 | 781.23 | 834.02 | 683.93 | 639.42 |
| ZEEL | 370.50 | 381.93 | 402.87 | 435.23 | 349.57 | 328.63 |

Source: Iris Software

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